

## CITY OF ALAMEDA

### Memorandum

To: Honorable Mayor and  
Members of the City Council

From: John A. Russo  
City Manager

Date: October 4, 2011

Re: Adopt a Motion Approving the Major Deal Points for the Agreement with KemperSports for the Maintenance and Operation of the Chuck Corica Golf Complex and Directing Staff to Prepare a Lease Agreement for City Council Consideration

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### BACKGROUND

On November 6, 2008, the City Council authorized the City Manager to enter into a one-year agreement with KemperSports Management to provide interim management of the Chuck Corica Golf Complex (December 2008-December 2009). The City Council also directed staff to research potential long-term solutions during this one-year management contract period. Further, during this interim period, the City would transition from City staff to contract staff at the Golf Complex.

In July 2009, staff prepared a Request for Proposals seeking a long-term operator to provide management, operational, and maintenance functions on a long-term lease basis. The City was also looking for a firm willing to invest much-needed funds in capital improvement, an investment the City had been unable to make for many years. The RFP was distributed to 65 firms in October 2009. As a result of the national economic market collapse and recession, only two firms in the industry submitted proposals, KemperSports Management and Bellows Golf Management/Landscape Golf Group.

Following an extensive review of both of the proposals, KemperSports Management was selected as the top firm based on its national experience and solid reputation in the field as well as its commitment to providing capital funding for critical improvements to the Golf Complex. This review, conducted by the then-Interim City Manager, found that Bellows Golf Management/Landscape Golf Group, in contrast, had less ability to invest funds in the Golf Complex and would have relied on the Golf Enterprise Fund Balance to support its capital expenditures. The City Council approved the selection of KemperSports Management on March 16, 2010, and directed staff to begin negotiations for a long-term agreement.

Between March 2010 and December 2010, the then-Interim City Manager and the Director of Recreation and Parks worked with KemperSports Management to develop a

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number of scenarios for the future long-term operation of the Chuck Corica Golf Complex. The scenarios ranged from a no-change option, under which the City retained the services of Kemper under a management agreement, to long-term lease options for either 27 holes (with nine holes on the South Course closed) or 36 holes.

On January 25, 2011, the City Council held a special meeting on golf in order to discuss moving forward with a long-term lease of the facility. At that meeting, Mr. Ben Blake, Executive Vice President for KemperSports Management, presented two scenarios for the future operation of the Golf Complex as well as background information on the golf market in the Bay Area. No decisions were made at the meeting.

On April 12, 2011, the City Council held another special meeting on golf in order to discuss a revised Kemper proposal in which Kemper would have retained the existing 36-hole course configuration and made \$5.8 million of improvements to the golf courses and the driving range. Kemper would have funded the improvements to the Golf Complex through the use of the operating income from the course and would have contributed \$500,000 of its own money upfront to start the renovations in 2012. The renovations included work on the drainage and irrigation, renovation of the driving range, replacing the greens on the South Course, renovating the tees and bunkers on the South Course, and repairing the cart paths.

At the April 12, 2011 meeting, Mr. Tim Hoppen, President of Doric Realty (Harbor Bay Isle Associate, HBIA), asked the City Council to delay making a decision on the Kemper proposal and consider an alternative proposal in which the City would "swap" the Mif Albright 9-hole course for land that HBIA owns on North Loop Road. HBIA would then build housing on the Mif Albright property as well as a new short course on the existing South Course of the 36-hole property while contributing funding for sports fields on North Loop Road. The City Council agreed to delay its decision on the Kemper proposal in order to allow HBIA an opportunity to further develop its proposal and bring it back to the City Council for review and discussion.

The proposals submitted by both HBIA and KemperSports Management were discussed in detail during the City Council meeting of July 12, 2011. At that time the City Council adopted a motion directing staff to begin negotiations with both HBIA and Kemper and requested that the item be placed on a future City Council agenda for a detailed review and discussion. In addition, staff was also directed to provide a report on the current status of athletic fields.

## DISCUSSION

Immediately following the July 12, 2011 City Council meeting, staff began negotiations with KemperSports Management regarding the operation of the Golf Complex and, separately, with HBIA regarding the proposed land exchange. The HBIA issue as well as the current status of athletic fields will be addressed in separate reports during the October 4, 2011 City Council meeting. This report focuses on the Kemper negotiations.

A number of discussions were conducted between the City Manager, Recreation, Parks & Golf Operations Director, the City's golf consultant, and Ben Blake of KemperSports. Items of focus included the amount of capital investment by both parties, terms of the agreement, rent payments to the City by Kemper, as well as the current rate structure and policies for juniors and local high school golf programs.

These discussions were very productive and have resulted in an agreement that is acceptable to both parties. A summary of the main deal points is outlined below:

## **RENOVATION INVESTMENT**

1. The City and KemperSports shall share in the renovation cost, up to \$7 million.
  - a. The City shall contribute no more than \$3.5 million towards the renovation.
  - b. KemperSports shall contribute \$3.5 million towards the renovations. The first \$1 million shall be required at the inception of the new lease. The remaining \$2.5 million shall be funded by KemperSports during the construction period as per the following mandatory schedule:

<u>YEAR</u>	<u>AMOUNT</u>
2012	\$ 300,000
2013	\$ 400,000
2014	\$ 500,000
2015	\$ 600,000
2016	\$ 700,000
	<u>\$2,500,000</u>

- c. The renovation is to be completed no later than July 1, 2018.

## **RENTS**

1. KemperSports shall pay the City \$50,000 rent each year; prior, during, and after the construction phase.
2. Once the construction phase is completed, but beginning no later than July 1, 2018, KemperSports shall pay the City 7.5% rent on gross, or \$50,000 minimum, whichever is greater, up to \$4 million annually. KemperSports shall pay the City 10% on all revenues over \$4 million and up to \$5 million. KemperSports shall pay the City 12.5% on all revenues greater than \$5 million until the end of the 20-year term. Kemper Sports shall have the option to extend the lease for two additional five-year terms.

## **CAPITAL IMPROVEMENT FUND**

- Once construction is completed, 4% of all gross revenues will be set aside for capital improvements. Once the total reaches \$750,000, no more money will be accumulated until it is drawn down below \$750,000. To qualify as a capital improvement project, a project must have a minimum value of \$7,500; otherwise, Kemper will be responsible for the repair of the project in the normal course of business.

## **RATES**

1. The City Council shall approve resident rates on an annual basis. KemperSports may, but is not required to, increase resident rates by the most current CPI for the Oakland Metropolitan Area, or 4%, whichever is less. Such approval shall not be unreasonably withheld.
2. For the duration of the lease, KemperSports shall honor the current rate structure and policies for junior and local high school golf programs.

## **TERM**

- The initial term of the lease will be for 20 years with two, five-year options for KemperSports.

## **KEMPERSPORTS' RESONSIBILITY**

- KemperSports is responsible, at its sole cost, to maintain, repair, and operate the Golf Complex.

## **COMPARABLE COURSES**

- Once construction is completed, KemperSports shall maintain and operate the facility in a condition comparable to Metropolitan Golf Links in Oakland and Monarch Bay Golf Club in San Leandro, CA. Failure to meet this standard will result in termination of the lease.

## **GOLF COMMISSION REVIEW**

- On a quarterly basis, KemperSports shall prepare and present a report on its operations to the City's Golf Commission.

## **ASSIGNMENT**

- KemperSports shall not assign this lease or the rights or entitlement, other than to an affiliate, without written consent from the City. Such consent cannot be unreasonably withheld.

In order to ensure that the proposed relocation of the Mif Albright Course and reconfiguration of the South Course are feasible, safe, and in compliance with industry standards, the plan was sent to an independent golf course architect and course designer for review. John Harbottle, a renowned golf course architect with many years of experience in designing and reviewing course layouts (Exhibit 1), toured the property and received the plan as submitted by HBIA. He then provided a comprehensive evaluation (Exhibit 2) of the proposed design along with some recommendations. A copy of his report is attached and a brief summary is outlined below:

- While the proposed design shortens the existing South Course (by approximately 300 yards) it will still be long enough for nearly all of the current clientele (95%).
- The proposed centerlines of the new fairways are in compliance with the minimum safety distances established by the National Golf Foundation (200 feet).
- Mr. Harbottle recommends shifting the tee area or providing buffers on the new number 7 hole in order to address any potential safety concerns.
- Mr. Harbottle concludes that the proposed new Par 3 course is much better and safer than the existing Mif Albright Course.
- Mr. Harbottle also concludes that the new design will be more efficient from an operational perspective and will blend nicely over time with the existing course.

#### FINANCIAL IMPACT

Acceptance of this proposal will insure that desperately needed capital improvements are completed in a timely matter with funding being provided equally by both parties. The proposed agreement calls for Kemper to provide payments of \$50,000 annually to the City during the construction phases of the renovation, with all construction to be completed by July 1, 2018.

Beginning when construction is completed or no later than July 1, 2018, Kemper will provide payments to the City in an amount equaling 7.5% on revenues up to \$4 million, 10% on revenues up to \$5 million, and 12.5% on revenues over \$5 million. All calculations are based on gross revenues. In addition, the \$50,000 minimum must be met in all scenarios.

Assuming an annual gross revenue figure of \$4 million is achieved, the minimum annual payment would be \$300,000. If gross revenue reaches the \$5 million level, the annual payment would be \$500,000; if the \$6 million level is achieved, the payment would be \$750,000. Again, all payments are in addition to the capital improvements.

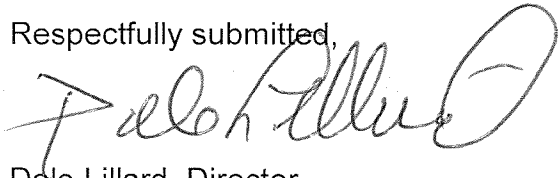
ENVIRONMENTAL REVIEW

Should the plan be approved and move forward, KemperSports will be required to comply with all applicable State, County, and City permits as well as proceed through the City's planning process.

RECOMMENDATION

Adopt a motion approving the major deal points for the agreement with KemperSports for the maintenance and operation of the Chuck Corica Golf Complex and directing staff to prepare a lease agreement for City Council consideration.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Dale Lillard", written over a horizontal line.

Dale Lillard, Director  
Alameda Recreation, Parks & Golf Operations Director

Exhibit:

1. John Harbottle biography
2. John Harbottle evaluation of HBIA plan

## John F. Harbottle III, ASGCA

John Harbottle was, quite literally, born into the game of golf. The son of Pacific Northwest Hall of Fame golfers, he turned his early love for playing into a career developing world-class golf courses. He is a member of the American Society of Golf Course Architects, which is comprised of the top golf course designers in North America.

After graduating from the University of Washington, he began his professional career in 1984 working on golf course construction and design with the legendary Pete Dye. Dye gave him the opportunity to work in both the office and in the field. There he learned the importance of spending time on site and of using a talented construction crew to perform the work. A library of classical golf architecture books by Thomas, Mackenzie, Simpson, Hunter, Ross and McDonald also had a profound impact on John's theories and style.

Early in his career, John traveled to the British Isles to study the great courses of Scotland and Ireland. He was inspired by the natural links courses and the way they were formed without the appearance of disturbing Mother Nature. Since that time, he has traveled the world, seeing many of its greatest courses. All these experiences have helped John evolve a design style and philosophy all his own.

His award-winning projects have won him acclaim by *Golf World Magazine* as one of the nation's "artists most in demand and builders of courses you'll most want to play", placing him among the top designers in America.

John's commitment to environmentally sensitive design has been nationally recognized with awards for achievements in the preservation of wetlands and other sensitive habitats, wildlife conservation, scenic beauty, playability, and tradition. He serves on the American Society of Golf Course Architects Environmental Committee and assisted with the production of the publication *An Environmental Approach to Golf Course Development*.

Considered a classicist in his renovation of existing courses, John has been trusted with restoring and updating Top 100 classics such as The Los Angeles Country Club, Stanford Golf Club and Eugene Country Club, among many others. His work on A.V. Macan courses is unsurpassed, having consulted on a dozen of Macan's courses, including Waverley, Broadmoor, Hillcrest and Manito.

John does not strive to put his signature or stamp on a classic course such as Kelowna, but rather wishes to restore its original character and style. He adheres to Macan's design principles and understands great design not only challenges a proficient player, but also allows the average golfer an opportunity to play their game. John has made a specialty of renovating courses and preserving their heritage while building layouts for the 21<sup>st</sup> century.

### List of Selected New Projects:

ArrowCreek "Challenge Course", Reno, NV +++  
BanBury Golf Club, Eagle, ID \*\*\*\* +++  
Cinnabar Hills Golf Club, San Jose, CA \*\*\*  
Dairy Creek Golf Course, San Luis Obispo, CA  
Hawks Landing Golf Club, Madison, WI +++++  
Izatys Golf and Yacht Club "Sanctuary Course", Onamia, MN +++++ ++  
Izatys Golf and Yacht Club "Black Brook Course", Onamia, MN +++++ ++  
Juniper Golf Club, Redmond, OR \*\*\*\* \*\*\*\*\* ++  
Monarch Bay Golf Club, San Leandro, CA +++++ ++  
Palouse Ridge Golf Club, Pullman, WA \*\*\* \*\*\*\*\* +++++ ++  
Ridgecrest Golf Club, Nampa, ID \*\*\*\* \*\*\*\*\* ++  
Sunbrook Golf Club "Black Lava Course", St. George, UT \*\*\*\*  
The Resort Course at Genoa Lakes, Genoa, NV \*\*\* +++++  
The Savannah Course at Stevinson Ranch, Stevinson, CA \*\* \*\*\*\*\* + +++ +++++  
The Schaffer's Mill Club, Truckee, CA \*\* \*\*\*\*\* +++++  
The Golf Club at Genoa Lakes, Genoa, NV \*\*\*\* \*\*\*\*\* +++ +++++  
The Olympic Course at Gold Mountain, Bremerton, WA \*\*\* \*\*\*\*\* \*\*\*\*\* + +++ +++++

### List of Selected Restoration/Renovation Projects:

Big Canyon Country Club, Newport Beach, CA +++  
Brentwood Country Club, Los Angeles, CA +++  
Broadmoor Golf Club, Seattle, WA +++  
Castlewood Country Club, Pleasanton, CA +++  
El Caballero Country Club, Tarzana, CA +++  
Eugene Country Club, Eugene, OR \* \*\*\*\*\* ++ ++  
Fircrest Golf Club, Tacoma, WA +++  
Hillcrest Country Club, Boise, ID \*\*\*\* +++  
Portland Golf Club, Portland, OR +++  
Royal Oaks Country Club, Vancouver, WA \*\*\*\* +++ +++++  
Salt Lake Country Club, Salt Lake City, UT +++ +++++  
San Diego Country Club, San Diego, CA +++  
San Joaquin Country Club, Fresno, CA +++  
San Jose Country Club, San Jose, CA +++  
Stanford Golf Club, Stanford, CA \*\*\*\* +++ ++  
Tacoma Country and Golf Club, Tacoma, WA +++  
Tamarisk Country Club, Palm Springs, CA +++  
The Los Angeles Country Club "North Course", Los Angeles, CA \* \*\*\*\*\* ++  
The Los Angeles Country Club "South Course", Los Angeles, CA  
Virginia Country Club, Long Beach, CA +++  
Waverley Country Club, Portland, OR +++

### Awards

\* *Golf Digest* "Top 100 in America"  
\*\* *Links Magazine* "Best of Golf Award"  
\*\*\* *Golf Magazine* "Top Places You Can Play"  
\*\*\*\* *Golf Digest* "Best in State"  
\*\*\*\*\* *Golf Digest/GolfWeek* "Best New Courses in U.S."  
+ *The Golfer* "Best New Courses"  
++ *Golf Magazine* "Top 100 Public Courses"  
*Golf Magazine* "Top 100 Classical Courses"  
+++ USGA, PGA Tour, LPGA Tour or State Championship Course  
++++ Audubon Sanctuary Award



**John Harbottle Design**  
GOLF COURSE ARCHITECTURE

105 Country Club Circle SW  
Tacoma, WA 98498-5305  
(253) 582-8058

**Date:** 9-15-11

**To:** David Sams

**From:** John Harbottle, ASGCA

**RE: Chuck Corica Golf Complex South Course and Par-3 Renovation**

Our study was made utilizing the Knott & Lynn renovation concept date April 15, 2011. We have completed the study of the proposed South Course and Par 3 course renovation project and offer the following opinion below.

**South Course**

We can understand the reluctance of some to the renovating of the golf course to accommodate a land sale. However, all the positive and negative aspects of the project should be weighed to determine if the changes make sense in the long run.

The existing course layout is comfortably routed over the gentle terrain. It looks like the South course sits on 135-140 acres. Large trees border the fairways. The holes are easy to walk and play to a par 71 of 6,586 yards. The proposed course becomes shorter (6,300 yards), losing almost 300 yards. It would play to a par of 70. Although it will not be the same challenge for the longer, more proficient players, it will be long and challenging enough for the average golfers (95% of your clientele).

Proposed new fairway centerlines are about 200 feet apart. The National Golf Foundation has published Golf Course Planning Criteria that suggests golf holes centerlines should be kept a minimum of 200 feet apart, so the new fairways meet NGF safety standards for design.

It appears existing holes Nos. 5 and 6 have fairway centerlines are that are approximately 200 feet apart. These holes could be a point of reference to illustrate how close the proposed fairways would feel. The proposed fairway relationships are tighter than the original holes, but they are no tighter than the relationship of other existing holes on the course.

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Exhibit 2 to  
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While the new fairways for Nos. 3, 7, 15 and 17 occupy a little more land than what is now used to contain three holes, the fairway landing areas have been staggered and, for the most part, buffered by mature stands of existing trees.

Proposed Nos. 2, 6, 8 and 16 should fit fine and pose no great safety problem with a few well-placed tree buffers between the greens and adjacent tees. Players will have a clear view of each other and could wait for one group to move before continuing.

One of the tightest spots appears to be the area surrounding the proposed No. 7 tee, where play from Nos. 4, 6 and 7 converges in a small area. This may be remedied with a tee shift and/or tree buffers. Nos. 4 and 16 green may also require shifting or buffering to protect the adjacent road.

The new routing decreases the dogleg in the holes. However, it does a better job of utilizing the drainage channel as a natural hazard. The proposed new holes should be interesting and fun to play.

### **Par-3 Course**

The existing par-3 course borders the right side of the range and is buffered from the range by tall trees. Holes are fairly tight on the existing layout.

There is no real natural buffer on the left side of the range, and a much taller fence would be necessary to buffer the proposed par-3 design. This is likely already under consideration.

The proposed par 3 routing has a few tight spots. However, in general the layout looks to be much safer than the original par-3 course.

It may be worth looking at alternative course concepts (fewer holes) in this area or eliminating the par-3 course altogether.

### **Conclusion**

The proposed design will be a shorter, tighter layout. However, there are advantages to it. In the long run, less turf will require less water, fertilizer, pesticide, manpower and energy to maintain. The proposed design also keeps the courses more contiguous and should be easier to manage from an operational standpoint. In time the proposed design would mature and blend nicely with the existing holes.

The existing par-3 course does not seem to be a revenue generating facility. Although it could potentially be revenue generating, it appears to be used as an economical means for novice players to be introduced to and develop their game. This is a wonderful amenity. However, you might also look at the cost/benefit

ratio for eliminating the par-3 altogether. This would allow you to sell the land and maintain the existing course in its current form.

You are in good hands with Knott & Lynn. They are well-respected professionals and more than capable of resolving the design issues involved with the renovation plan.

Thank you for the opportunity to comment on your project. Please feel free to contact us with any questions.